

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 5306
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E.O. 11652: N/A
TAGS: EMIN, EINV, CA
SUBJECT: FALCONBRIDGE NICKEL OPTIMISTIC AND MAY RE-OPEN MINES - TO
CONTINUE IN QUEBEC

1. AT THE ANNUAL MEETING APRIL 12, FALCONBRIDGE NICKEL MINES LTD. PRESIDENT MARSH A. COOPER ANNOUNCED THAT THE UNDERGROUND MINES IN THE SUDBURY (ONTARIO) BASIN TEMPORARILY CLOSED IN 1975 MAY BE RE-OPENED DURING 1977. COOPER, DESPITE NON-ENCOURAGING FIRST QUARTER 1977 NICKEL SALES, SAID THE MOVE NOT ONLY REFLECTED EXHAUSTION OF ORE RESERVES AT EXISTING MINES BUT THE COMPANY'S EXPECTATION OF WORLDWIDE ECONOMIC RECOVERY, OF A SLOWLY IMPROVING DEMAND FOR NICKEL IN 1977 AND OF FURTHER INCREASES IN DEMAND IN 1978 AND 1979. IN ANNOUNCING 1977 CAPITAL EXPENDITURE PROGRAMS OF SOME 75.3 MILLION DOLLARS, COOPER NOTED THE LONG LEAD TIME FOR REACTIVATION OF MINES AND OBSERVED THAT "ANY UNPLANNED, SIGNIFICANT CHANGE IN ACTUAL DEMAND VERSUS ANTICIPATED DEMAND CAN BE VERY COSTLY."

2. OF THE 75.3 MILLION DOLLAR 1977 PROGRAM, 43.6 MILLION DOLLARS IS FOR THE SUDBURY SMELTER ENVIRONMENTAL IMPROVEMENT
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PAGE 02 TORONT 00888 160121Z

PROJECT SCHEDULED FOR COMPLETION IN APRIL 1978 AT A TOTAL COST OF 95 MILLION DOLLARS. 19.6 MILLION DOLLARS WILL BE SPENT FOR DEVELOPMENT AND PRE-PRODUCTION EXPENSES, 4.4 MILLION DOLLARS FOR PLANT AND EQUIPMENT, 4.1 MILLION DOLLARS FOR ENVIRONMENTAL PROJECTS, AND 3.6 MILLION DOLLARS FOR PROJECTS AT THE NEW FRASER AND CRAIG MINES. THE FRASER MINE IS EXPECTED TO BEGIN PRODUCTION IN 1979, THE CRAIG MINE IN 1983. THE LOCKERBY

MINE, WHICH BEGAN PRODUCTION IN 1976, WAS AT 60 PERCENT OF
RATED CAPACITY IN MARCH 1977.

3. THE MINES THAT MAY BE RE-MPENED ARE THE EAST, FECUNIS AND
THE ONAPING MINES. THE 1975 STRIKE AND POOR SALES CONDITION
LED TO THEIR SHUTDOWN. PRODUCTION IS ALREADY SCHEDULED TO RESUME
FOR NO. 1 SHAFT OF ANAPING MINE IN DECEMBER 1977 AND SINKING OF
NO. 2 SHAFT WILL RESUME IN JULY. FALCONBRIDGE EXPECTS THAT
THE LONGVACK SOUTH MINE AT SUDBURY AND THE MANIBRIDGE MINE NEAR
WABOWDEN, MANITOBA, WILL BE CLOSED BY MID-1977 WITH THE EXHAUSTION
OF ORE RESERVES.

4. COOPER CONCLUDED HIS SPEECH TO STOCKHOLDERS WITH REFERENCE
TO "PRESSING ISSUE" OF "SERIOUS POSSIBILITY OF QUEBEC'S SEPARATION
FROM CANADA." HE SAID "THE FALCONBRIDGE ORGANIZATION HAS OPERATED
FOR MANY YEARS IN QUEBEC, WHERE WE HAVE SUBSTANTIAL INSTAL-
LATIONS AND INVESTMENTS. IT IS OUR INTENTION TO REMAIN
THERE AND TO CARRY ON AS A RESPONSIBLE DEVELOPER OF NATURAL
RESOURCES FOR A LONG TIME TO COME."
DIGGINS

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